

STARWOOD (M) INTERNATIONAL, INC.
c/o Starwood Hotels & Resorts Worldwide, Inc.
One StarPoint
Stamford CT 06902

January 2, 2013

By Hand and E-Mail

PM Hotel Associates, L.P. and Parker Palm Springs, LLC
c/o The Jack Parker Corporation
118 West 57th Street
New York, New York 10019
Attn: Adam Glick

Re: Le Parker Méridien New York and Le Parker Méridien Palm Springs

Dear Mr. Glick:

Reference is made to (i) the license agreement for the Le Parker Méridien New York (the "NY Hotel") by and between PM Associates n/k/a PM Hotel Associates, L.P. ("Parker NY") and Meridien Hotels, Inc. ("Meridien") dated as of July 1996, as amended ("NY License Agreement"), and (ii) that certain license agreement for the Le Méridien Parker Palm Springs (the "Palm Springs Hotel") by and between Parker Palm Springs, LLC ("Parker Palm Springs") and Meridien dated as of May 28, 2003, as amended ("Palm Springs License Agreement") (the NY Hotel and the Palm Springs Hotel collectively referred to as the "Hotels," the NY License Agreement and the Palm Springs License Agreement collectively are referred to as the "License Agreements," and Parker NY and Parker Palm Springs collectively are referred to as "Parker"). As you are aware, Starwood (M) International, Inc. ("Starwood") has succeeded to Meridien's interests under the License Agreements.

As we have advised, Parker employees working at the Hotels have engaged in a wide-ranging and long-term fraudulent scheme to inflate the Hotels' occupancy data to improperly extract substantially higher reimbursement payments from the Starwood Preferred Guest ("SPG") program. Such scheme involved, among other things, the creation of fake room reservations and guest check-in documentation and the submission of false reimbursement documentation to SPG. The scheme was carried out at the direction of high-ranking managerial employees and executives of Parker. The scheme started at the NY Hotel and later was exported to the Palm Springs Hotel. [REDACTED]

REDACTED

[REDACTED] In addition, Starwood incurred hundreds of thousands of dollars related to the investigation of the fraudulent scheme.

PM Hotel Associates, L.P. and Parker Palm Springs, LLC

January 2, 2013

Page 2

Parker's conduct constitutes a material breach and default under the terms of the License Agreements. Based on the gravity and scope of the fraud and the individuals involved, the default is not curable. Accordingly, Starwood has the right to terminate the License Agreements.

We understand that Parker contests Starwood's right to terminate the License Agreements and we are filing an action seeking, among other things, a declaratory judgment on that issue as well as damages resulting from Parker's wrongful conduct.

Please be advised that Starwood is prepared to discuss with Parker the effective date of any termination of the License Agreements and cooperate with Parker on transition issues so that there will be a minimal impact on hotel operations.

We are aware that Parker recently has wired the sum of \$1,004,653.00 to Starwood as "payment in connection with issues concerning" the SPG Program. Please be advised that Starwood's acceptance of such payment (i) is made under protest with full reservation of all rights and remedies as against Parker, (ii) shall not be deemed a waiver of any defaults by Parker under the License Agreements and (iii) shall not constitute a cure by Parker of any defaults under the License Agreements.

This notice is not intended for settlement purposes and is not covered by FRE 408 or any state analogue. Furthermore, we will not treat any response to this letter as being intended for settlement purposes or covered by FRE 408 or any state analogue.

This notice is written without prejudice to or waiver of any of Starwood's rights, remedies or claims under the License Agreements, any other agreement or any applicable law, all of which are expressly reserved.

Sincerely,

Starwood (M) International, Inc.

By: 

Name: MARSHALL DONAT
Title: VICE PRESIDENT & ASST. SECRETARY

cc:

By Certified Mail, Return Receipt Requested

Richard Gordon, Esq.
c/o The Jack Parker Corporation
1700 Broadway, 34th Floor
New York, NY 10019

PM Hotel Associates, L.P. and Parker Palm Springs, LLC

January 2, 2013

Page 3

Via Email

The Jack Parker Corporation

118 West 57th Street

New York, New York 10019

Att'n: Adam Glick

Email: aglick@nyc.rr.com; aglick@jackparkercorp.com

Kasowitz Benson Torres & Friedman LLP

1633 Broadway

New York, New York 10019

Att'n: Marc Kasowitz, Esq. and Daniel Fetterman, Esq.

Email: mkasowitz@kasowitz.com; dfetterman@kasowitz.com

Bryan Cave LLP

1290 Avenue of the Americas

New York, New York 10104

Att'n: Steven M. Stimell, Esq.

Email: smstimell@bryancave.com